

Oversight Division

Committee On Legislative Research

PROGRAM EVALUATION

Review of the
State of Missouri
Tax Credit Programs
Addendum

Program Evaluation
State of Missouri
Tax Credit Programs
Addendum

*Prepared for the Committee on Legislative Research
by the Oversight Division*

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Committee on Legislative Research Oversight Subcommittee

THE COMMITTEE ON LEGISLATIVE RESEARCH, Oversight Division, is an agency of the Missouri General Assembly as established in Chapter 23 of the Revised Statutes of Missouri. The programs and activities of the State of Missouri cost approximately \$23 billion annually. Each year the General Assembly enacts laws which add to, delete or change these programs. To meet the demands for more responsive and cost effective state government, legislators need to receive information regarding the status of the programs which they have created and the expenditure of funds which they have authorized. The work of the Oversight Division provides the General Assembly with a means to evaluate state agencies and state programs.

THE COMMITTEE ON LEGISLATIVE RESEARCH is a permanent joint committee of the Missouri General Assembly comprised of the chairman of the Senate Appropriations Committee and nine other members of the Senate and the chairman of the House Budget Committee and nine other members of the House of Representatives. The Senate members are appointed by the President Pro Tem of the Senate and the House members are appointed by the Speaker of the House of Representatives. No more than six members from the House and six members from the Senate may be of the same political party.

PROJECTS ARE ASSIGNED to the Oversight Division pursuant to a duly adopted concurrent resolution of the General Assembly or pursuant to a resolution adopted by the Committee on Legislative Research. Legislators or committees may make their requests for program or management evaluations through the Chairman of the Committee on Legislative Research or any other member of the Committee.

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COMMITTEE ON LEGISLATIVE RESEARCH
STATE OF MISSOURI
STATE CAPITOL
JEFFERSON CITY, MISSOURI 65101

Members of the General Assembly:

The Joint Committee on Legislative Research adopted a resolution in June 2010 directing the Oversight Division to perform a program evaluation of the State of Missouri Tax Credit Programs to determine and evaluate program performance in accordance with program objectives, responsibilities, and duties as set forth by statute or regulation.

Since the release of our previous report for the year ended June 30, 2009, the state's budget concerns have increased. Oversight was requested to update our review of these programs and to consider whether the required management procedures for these programs have been regularly performed. Oversight was also asked to consider whether those procedures resulted in the best outcomes available for these programs, and if cost controls could be implemented for these programs.

We hope this information is helpful and can be used in a constructive manner for the betterment of the state program to which it relates. Oversight program evaluation reports are available from the Oversight Division's website at <http://www.moga.mo.gov/oversight/audits.htm>.

Respectfully,

A handwritten signature in cursive script, appearing to read "Tom Flanigan".

Representative Tom Flanigan
Chairman

EXECUTIVE SUMMARY

The State of Missouri offers a wide range of tax credits as a part of its economic development programs, and offers additional tax credit programs to participants in designated business and social activities. Applicants are generally required to make qualifying investments or conduct specific business or social activities in exchange for the credits. Tax credits result in a direct reduction of a government entity's tax revenues and are not an expenditure subject to normal budget and appropriation controls.

The Department of Economic Development and the Department of Revenue are the state agencies primarily involved in tax credit programs, and other state agencies such as the Department of Insurance, Financial Institutions, and Professional Registration, the Department of Agriculture, the Department of Natural Resources, the Department of Social Services, and the Department of Health and Senior Services offer tax credit programs.

Oversight reviewed the statutory compliance requirements for state government entities regarding tax credits and recommended that the Office of the State Auditor increase the coverage of tax credit programs in its audit schedule. Oversight has also reviewed a number of potential legislative and administrative changes which could improve state government controls over the expanding cost of tax credit programs. However, Oversight has not made any recommendations as to potential changes in tax credit programs.

Chapter 1

Purpose/Objectives

The General Assembly has provided by law that the Committee on Legislative Research may have access to and obtain information concerning the needs, organization, functioning, efficiency and financial status of any department of state government or of any institution that is supported in whole or in part by revenues from the state of Missouri. The General Assembly has further provided by law for the organization of an Oversight Division of the Committee on Legislative Research and, upon adoption of a resolution by the General Assembly or by the Committee on Legislative Research, for the Oversight Division to make investigations into legislative and governmental institutions of this state to aid the General Assembly.

The Joint Committee on Legislative Research directed the Oversight Division to conduct a program evaluation of the Missouri Tax Credit programs, and a report on that review was issued in January of 2010. Oversight was requested to update our review of these programs, to consider whether the technical and management requirements for these programs had been met, and whether those requirements were adequate. We were also asked to review the potential for cost controls over these programs. No conclusions are drawn nor are recommendations made regarding whether any tax credit program should be continued, repealed, expanded, or restricted.

Oversight's review addressed, but was not limited, the following:

- * Reviewing the impact of recent legislative changes for tax credit programs.
- * Compiling the statutory oversight and review requirements for the program.
- * Determining the extent of compliance with oversight and review requirements.
- * Evaluating potential methods for cost control of the programs.

Scope

The Oversight Division reviewed information regarding tax credit programs active from 1999 through 2010.

Methodology

The methodology used by the Oversight Division included reviewing Missouri statutes, rules and regulations, and legislation and fiscal notes pertaining to tax credit programs. In addition, we interviewed personnel from the Department of Economic Development, and reviewed the information available regarding financial and management review of the programs.

Background

During the year ended June 30, 2010, the state of Missouri redeemed approximately \$523 million in tax credits. That amount represents a decrease from redemptions of \$588 million in 2009; however, redemptions were \$512 million in 2008, \$486 million in 2007, \$417 million in 2006, and \$418 million in 2005. The state of Missouri has a broad range of active tax credit programs, administered by a number of state agencies. The number of active programs fluctuates as new programs are authorized and existing or expired programs are expanded and reactivated, and other programs expire or are fully subscribed.

Tax Credit Programs in General

Tax credits are a form of economic incentive issued by government entities to individuals, businesses, or nonprofit organizations. Participants are generally required to make qualifying expenditures or undertake qualifying business or social activities in exchange for the credits. Tax credits are not a direct government expenditure and are not generally subject to the normal budget and appropriation controls; instead, they result in a reduction of a government entity's tax revenues.

Tax credits may be described as either refundable or non-refundable. A refundable tax credit can reduce the taxpayer's liability below zero, and can result in the payment of a refund to the taxpayer. A non-refundable tax credit can only reduce the taxpayer's liability to zero but the remaining balance may be available for carryback and carryforward to other tax years.

Department of Economic Development

The Department of Economic Development (DED) is the primary state agency involved in administering state tax credit programs. DED is composed of divisions, boards, and commissions which execute statutory requirements, develop program regulations, and implement department policy in the areas of community, economic and workforce development.

Several DED agencies administer tax credit programs, including the Division of Business and Community Services, the Missouri Development Finance Board (MDFB), the Missouri Housing Development Commission (MHDC), and the Missouri Film Commission.

Other agencies

The Department of Revenue, the Department of Insurance, Finance, and Professional Registration, the Department of Natural Resources, the Department of Agriculture, the Department of Social Services, and the Department of Health and Senior Services manage tax credit programs assigned to them under the legislation which created the programs.

A complete listing of Missouri tax credits is provided on Appendix A.

Subsequent Events

- A. On October 9, 2009, two St. Louis residents filed a suit in Cole County Circuit Court which seeks to have tax credit legislation passed by the General Assembly in 2009 declared unconstitutional. The suit was amended on November 3, 2009, to include related legislation passed by the General Assembly in 2007. The case was dismissed in Cole County in April, 2010 but has been appealed to the Missouri Court of Appeals.

No determination could be made as to the eventual outcome of this lawsuit.

- B. On July 21, 2010, the Governor announced the creation of a commission that will review the state's 61 tax credit programs. The governor named 25 business, community and legislative leaders to serve on the commission, and directed the commission to analyze the effectiveness and return on investment for each of the state's tax credit programs and make such recommendations as the commission considered appropriate.

On November 30, 2010, the Tax Credit Review Commission issued its report which included its comments and recommendations based on the Commission's review of the programs, and testimony received at public hearings. The Commission included comments and specific recommendations regarding individual programs, and also made some general recommendations which included the following:

- * Terminating a number of programs;
- * implementing sunset provisions for any remaining programs;
- * implementing a statutory annual cap on any program which does not currently have such a cap;
- * Offering an exchange of currently allocated Low Income Housing Tax Credits for a lesser amount of transferrable and certificated tax credits, and creating a Tax Credit Acquisition (repurchase) program;
- * eliminating, consolidating, and reducing the scope of some programs;
- * creating limits on the amount of tax credits per unit or per beneficiary; and
- * creating a "claw-back" system to rescind tax credits issued for projects which do not meet program requirements.

Implementing the commission's recommendations would require action by the General Assembly.

Chapter 2

Comments

I. Cost-Benefit Analysis Requirements

As directed by the Joint Committee on Legislative Research, Oversight has reviewed the available information regarding certain compliance requirements for tax credit programs, and discussed some of those requirements with managers from the Department of Economic Development. Most of the compliance requirements appear to have been met by the agencies which manage tax credit programs, with the exception of cost-benefit analysis. Our comments follow.

A. Cost-Benefit Analysis Requirements

Most tax credit programs, accounting for 73.8% of tax credits issued over the most recent three years, can be considered economic development programs, as they are intended to improve the competitive standing of the state for new and expanding businesses. One of the critical measures of the success of economic development programs is an analysis of the costs and benefits of the programs. A review of the reported results of cost-benefit analysis is the primary method by which the General Assembly could evaluate and rank the success of various tax credit programs.

Cost-benefit analysis of economic development programs supported by tax credits represent the actual cost and estimated financial benefit of those programs. Cost-benefit analyses of tax credit programs for social and other programs would likely provide useful information, but the benefits are not stated in financial terms. Cost-benefit analyses of tax credit programs are required to be performed by the various agencies which administer the programs including the Department of Economic Development, and by the Office of Administration and the Office of the State Auditor. Only the Department of Economic Development appears to have met this requirement.

Department of Economic Development Requirement

The Department of Economic Development (DED) prepares cost-benefit analyses for programs administered by their organization in connection with annual budget submissions. We understand those analyses are prepared with economic modeling software. The estimated impact of these programs is strongly dependent on DED management assumptions as to the multiplier effect; that is, how many more jobs are created and how much more money is spent by suppliers and subcontractors of entities

which benefit directly from the tax credit programs. There is currently no other formal assessment of the impact of tax credit programs on the state's economy, or even on state government revenues.

Office of Administration Requirement

Section 33.282.2 requires each state agency which is authorized to offer credits or other tax preferences to submit the estimated amount of such tax expenditures for the next fiscal year, and a cost/benefit analysis of such tax expenditures for the preceding fiscal year. Section 33.282.1 also requires the Office of Administration (OA) to develop a tax expenditure budget and to include a cost-benefit analyses for specified programs. Oversight notes that OA has not reported the results of cost-benefit analyses and assumes that OA has relied on cost-benefit analyses provided in agencies' budget information.

Office of the State Auditor Requirement

The Office of the State Auditor (SAO) is required to perform an independent cost-benefit analysis of all tax credit programs. As we have noted above, the only other cost-benefit analyses on economic development tax credit programs are prepared by the Department of Economic Development, using financial simulation software, and based on assumptions developed by the Department of Economic Development.

More specifically, Section 620.1300 requires the SAO to evaluate the effectiveness of all tax credit programs and to publish and distribute the results by January 1, 2001, and at least every four years thereafter. State law requires this analysis to include the cost for each program, the direct and indirect state benefits, the direct and indirect local benefits, the safeguards to protect non-economic influences in the award of programs administered by the Department of Economic development, and the likelihood of the same economic activity taking place without the program. The results are required to be published and distributed by January 1, 2001, and at least every four years thereafter to the Governor, the Speaker of the House of Representatives, the President Pro Tem of the Senate, the Chairman of the House Budget Committee, the Chairman of the Senate Appropriations Committee, the Joint Committee on Tax Policy, and the Joint Committee on Economic Development Policy and Planning.

We have noted that SAO reports on tax credit programs have included a reference to this requirement, but based on our analysis of those reports only twenty-four reports on tax credit programs have been issued since January 1, 2001. Six reports have been issued in the past four years, indicating timely coverage of only 9.3% of the sixty-four active programs. Further, a recent SAO audit report included comments regarding the overestimation of program benefits by the Department of Economic Development.

Oversight believes it is important for the SAO to provide the independent analysis of programs effectiveness, and especially so when their review indicates that the DED analyses are not reliable.

Oversight recommends that SAO increase the coverage of tax credit programs in its audit schedule to meet the requirements of Section 620.1300.

II Potential Changes in Missouri Tax credit Programs

A. Most Significant Tax Credit Programs

As we have previously reported, nearly \$553 million in tax credits were issued in the year ended June 30, 2009. Nearly \$588 million in tax credits were redeemed in that same state fiscal year, amounting to eight percent of related tax revenues.

There were 47 programs for which tax credits were issued, and 56 programs for which tax credits were redeemed during the year ended June 30, 2009. The number of programs with tax credit redemptions is larger than the number of programs with tax credits issued because tax credits issued in previous years for some programs were redeemed in 2009, even though there were no new tax credits issued for those programs.

- * The oldest currently active tax credit program is the Senior Citizen Property Tax Credit enacted in 1973. This program accounted for approximately \$101.5 million per year in program cost over the most recent five years.
- * The largest program in terms of tax credits issued over the most recent five years, was the Historic Preservation program enacted in 1997. Tax credits issued and redeemed over the most recent five years for the Historic Preservation program averaged \$127.7 million issued and \$127.4 million redeemed, respectively.
- * The second largest program in terms of tax credits issued and redeemed over the most recent five years was the Low Income Housing program, enacted in 1990, which averaged \$115 million issued and \$82.7 million redeemed, respectively.
- * Twenty-one tax credit programs, created in 2006 and subsequent years include sunset provisions; the balance of the programs do not. Three tax credit programs created in 2004 and 2005 would appear to be subject to the general six-year sunset in the Missouri Sunset Act, and tax credit programs created before 2003 could become subject to the Missouri Sunset Act based on a majority vote of the members of the Committee on Legislative research.

Oversight notes that the Senior Citizen Property Tax Credit program, the Historic Preservation Tax Credit program, and the Low Income Housing Tax Credit program, amount to approximately 59% of tax credits issued and 53% of tax credits redeemed. No other tax credit program averaged more than \$25 million in tax credits issued or redeemed over the most recent five years.

B. Uniform Authorization, Issuance, and Redemption Procedures

As we discussed in our previous report, Missouri tax credit programs are managed by multiple state agencies and have different application and qualification procedures. Some of the differences are partly due to statutory program requirements, but other differences are simply due to the different ways in which state agencies have chosen to implement the programs.

A set of uniform administrative procedures for the authorization, issuance, and redemption of tax credits would make administration, management, accounting, and reporting for tax credits easier while continuing to utilize the expertise and experience of the agencies which currently manage the programs. Uniform procedures could also facilitate the consolidation of tax credit administration.

C. Cost Reduction Considerations

The current methodology used by the state of Missouri to issue tax credits in support of economic development projects results in a cost to the state that is in some instances substantially greater than the financial benefit made available to the sponsored projects. Although the value of the credits to the project sponsors may be a fraction of face value, the state redeems the credits at face value and the state and its taxpayers receive nothing from the excess cost. The factors discussed in this section contribute to this excess cost.

- * Some tax credit programs, such as the Low Income Housing Tax Credit (LIHTC), provide tax credits for projects sponsored by entities such as limited liability partnerships or corporations. The tax credits may be used by these entities, but it is more likely that the tax credits will be sold to generate funds for project construction.
- * The tax credits for these projects are typically issued over a period of years. An interest cost is applied to the delayed tax credits, and an additional discount is applied to the tax credits because they reduce federal taxable income for the entity which applies them against Missouri taxes.
- * Over the past ten years, the Missouri Housing Development Commission has

issued more than \$825 million in tax credits at discounts of 65% and more. The discount on these credits alone would have been more than \$536 million.

Discounts on other tax credit programs may not be as significant as the discount applied to the LIHTC, but tax credits which are issued over a period of years, or which can not be redeemed immediately for other reasons, will generally be sold at a discount by the holders.

- * Tax credits and even ownership interests in these projects, are bought, sold, or otherwise transferred or traded to entities which have taxable income or a tax liability to offset. These transactions are generally done by brokers and additional discounts are applied to the tax credits by the brokers, syndicators, and traders in tax credits.

A recent report from the State Auditor's Office included comments on four states' efforts to apply more of the cost of the tax credits to project funding. These approaches, other than the Minnesota example, use tax credits or substitutes for state tax credits and attempt to reduce or eliminate the market discounts applied to tax credits.

- * Minnesota provides appropriated funding directly to not-for-profit organizations which sponsor low income housing.
- * North Carolina provides a refundable credit which the state housing agency redeems immediately on behalf of the applicant to provide construction funding.
- * Massachusetts and Vermont use a certificated tax credit instrument which the state housing agency sells to an investor on behalf of the applicant. The investor is not required to become involved in the project and the project owners are not required to sell tax credits they can't use.

Oversight notes that any of the approaches discussed above would reduce or eliminate the fees and discounts applied to tax credits by outside financial interests.

D. Separation of Tax Credit Redemption from Tax Return Processing

Tax Credits are currently redeemed when they are presented with an income or premium tax return. The tax credits are submitted in lieu of payment of the amount due from the taxpayer. There is currently no other method of redemption for tax credits; an entity which holds unusable tax credits must either continue to hold them or sell them at a discount to a brokerage company.

The Missouri tax credit programs and the resulting revenue reduction treatment is similar

to federal tax credit programs which are available for many business and social activities. Several of the Missouri tax credit programs were created as a supplement to the federal tax credit program for the same activity. The tax credit process may have been created to “mirror” the related federal tax credit programs, but was more likely done to avoid conflict with limitations in the state constitution. Oversight notes that these programs were enacted during a time when total state revenues could potentially have been limited by other constitutional provisions; the reduction of state revenues due to tax credit redemptions would have reduced the potential for conflict with constitutional revenue limits.

E. Tax Credit Redemption Agencies

If tax credit redemptions are separated from tax return processing, those redemptions could be processed in a number of ways.

- * The Department of Revenue could simply process tax credits separately from income tax returns utilizing their current processes to verify the eligibility of the holder and utilizing the current tax credit information system to validate and the tax credits offered for redemption. Separating tax credit redemptions from tax return processing could also allow the department to balance their workload more easily.
- * Tax credits could be redeemed by another administrative agency within state government. Those agencies which are currently involved in managing tax credit programs such as the Department of Economic Development and the Office of Administration could purchase tax credits from entities which would otherwise sell those credits to fund project construction or operation. These agencies would already have tax credit program expertise but would need the ability to verify the eligibility of tax credit holders and the validity of the tax credits offered for redemption. They would also need budget authority to purchase tax credits.

The state agency could potentially purchase tax credits at a discount from some holders, and the state treasury could then reimburse the agency for the discounted cost. Alternatively, the entity could purchase the tax credits at face value, allowing projects to be funded with smaller amounts of tax credits.

- * Another option would be the creation of a specialized and technically independent tax credit finance organization. The state currently has several agencies of this nature such as the Missouri Development Finance Board and the Missouri Higher Education Loan Authority, which provide specialized financial services on behalf of state agencies and their programs.

A tax credit finance organization could have additional advantages including the ability to finance tax credits on behalf of the state while taking advantage of market discounts which may be available. The availability of a known purchaser could also make tax credits more valuable to sellers, allowing projects supported by tax credit to be accomplished at a lower cost to the state. This organization would need the ability to verify the eligibility of tax credit holders and the validity of the tax credits offered for redemption. Budget authority or another method of paying for the redeemed tax credits would need to be provided.

F. Tax Credits and the State Budget

Oversight notes that the options discussed above would constitute significant changes in the way that tax credits are used and managed. A combination of several of these changes, such as separating tax credits processing from tax return processing and the creation of a payment system for those redeemed tax credits redeemed would allow tax credits to be redeemed in the same year they are issued. Making tax credits redeemable in the same year they are issued, in turn, would allow budget control of tax credits. Tax credits could expire at the end of the current fiscal year and agencies could be limited to issuing tax credits issued to the amount appropriated for redemptions.

APPENDIX A

Missouri Tax Credit Programs
Annual Limits and Amounts Issued and Redeemed for FY 2010, 2009, and 2008

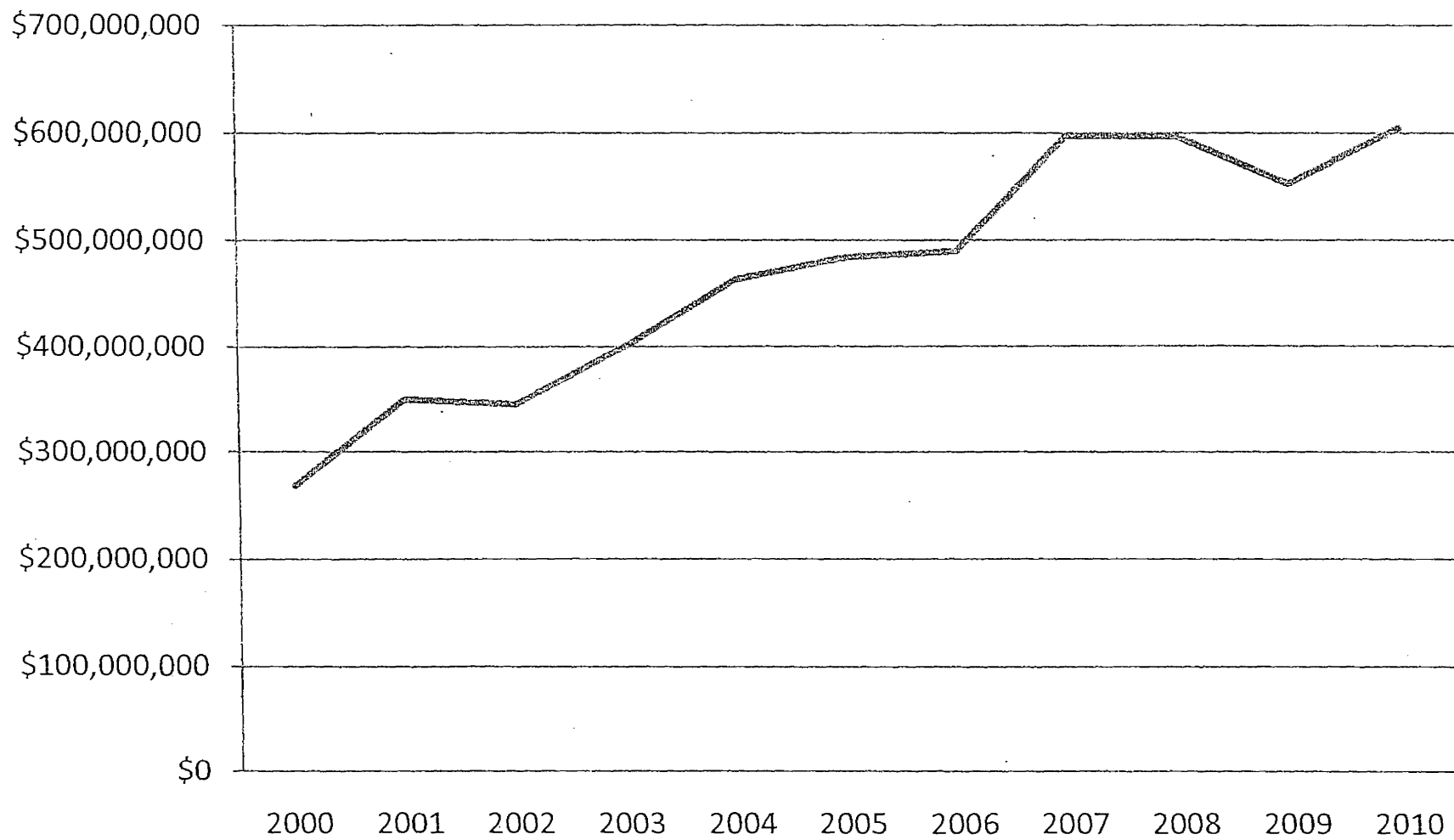
Category	Annual Limit	FY 2010		FY 2009		FY 2008	
		Issued	Redeemed	Issued	Redeemed	Issued	Redeemed
Environmental							
Charcoal Producer	None	\$0	\$14,642	\$0	\$134,663	\$166,068	\$106,952
Wood Energy	None	\$3,204,481	\$1,546,453	\$3,741,073	\$4,576,446	\$3,199,223	\$1,215,292
Alternative Fuel Stations	Set each year	\$0	\$0	\$0	\$0	\$0	\$0
Flexible Cellulose Casing	Repealed	\$0	\$0	\$0	\$0	\$0	\$0
Financial and Insurance							
Bank Franchise Tax Credit	None	\$2,013,584	\$2,013,584	\$2,710,300	\$2,710,300	\$2,137,560	\$2,137,560
Bank Tax Credit for S Corporation Shh	None	\$1,823,612	\$1,823,612	\$1,862,266	\$1,862,266	\$1,149,975	\$1,149,975
Missouri Examination Fee	None	\$6,793,456	\$4,877,275	\$6,529,385	\$4,569,160	\$8,315,403	\$5,406,156
Property and Casualty Guaranty	None	\$10,462,791	\$8,692,593	\$3,272,763	\$3,182,125	\$3,428,332	\$2,825,908
Life and Health Ins. Guaranty	None	\$16,639,600	\$0	\$0	\$0	\$0	\$0
Health Insurance High Risk Pool	None	\$554,844	\$554,844	\$2,212,598	\$2,212,598	\$4,107,228	\$4,107,228
Self-Employed Health Insurance	None	\$1,517,004	\$1,517,004	\$1,729,167	\$1,729,167	\$1,039,564	\$1,039,564
Housing							
Neighborhood preservation	\$16 million	\$5,987,555	\$6,739,113	\$5,434,477	\$5,176,659	\$6,417,853	\$5,343,647
Low-income housing	Equal to Federal Credit	\$155,703,625	\$142,141,458	\$145,997,420	\$105,967,104	\$133,724,820	\$98,305,085
Affordable Housing	\$11,000,000	\$4,599,981	\$11,647,956	\$10,455,349	\$9,917,951	\$8,455,594	\$11,392,907
Redevelopment							
Historic Preservation	Varies	\$107,229,218	\$108,064,200	\$119,914,947	\$186,426,164	\$161,621,537	\$140,111,002
Brownfield Redevelopment (Remediation)	None	\$13,978,902	\$17,590,273	\$22,121,637	\$29,194,784	\$20,424,920	\$26,466,007
Brownfield Redevelopment (Demolition)	None	\$0	\$0	\$0	\$5	\$12,500	\$27,245
Brownfield Redevelopment (Jobs/Investment)	None	\$1,903,904	\$1,650,222	\$1,860,534	\$1,965,406	\$1,901,250	\$1,726,005
Community Development Corporations	Exhausted	\$6,410	\$5,915	\$0	\$990	\$2,957	\$11,990
	\$10,000,000 with Additional \$15,000,000						
Infrastructure	Contingency	\$39,203,730	\$13,970,215	\$19,727,925	\$26,916,508	\$31,004,874	\$19,877,329
Bond Guarantee	\$50,000,000 Cumulative	\$0	\$0	\$0	\$0	\$0	\$0
Disabled Access - Small Business	None	\$12,526	\$12,526	\$17,206	\$17,206	\$28,922	\$28,922
New Markets	\$25,000,000	\$8,708,000	\$0	\$0	\$0	\$0	\$0
Distressed Areas Land Assemblage	\$20,000,000	\$20,000,000	\$6,731,635	\$0	\$0	\$0	\$0
Training and Education							
Community College New Jobs	Based on related debt.	\$4,155,036	\$3,228,601	\$4,095,266	\$4,175,590	\$3,072,000	\$4,762,743
Skills Development Account	Repealed	\$0	\$0	\$0	\$0	\$0	\$0
Mature Worker	Repealed	\$0	\$0	\$0	\$0	\$0	\$0
Sponsorship and Mentoring	Not active	\$0	\$0	\$0	\$0	\$0	\$0
Job Retention Training	Based on related debt.	\$3,200,588	\$8,145,996	\$16,471,826	\$9,992,850	\$1,000,000	\$5,546,166
Higher Education							
Higher Ed Scholarship	Expired	\$0	\$0	\$0	\$0	\$0	\$0
Advantage Missouri	Expired	\$0	\$0	\$0	\$0	\$0	\$0
TOTALS		\$ 604,660,742	\$ 523,295,855	\$ 555,577,306	\$ 586,776,994	\$ 571,470,774	\$ 503,326,729

Missouri Tax Credit Programs
Annual Limits and Amounts Issued and Redeemed for FY 2010, 2009, and 2008

Category	Annual Limit	FY 2010		FY 2009		FY 2008	
		Issued	Redeemed	Issued	Redeemed	Issued	Redeemed
Agricultural							
Agricultural Product Utilization Contributor	\$6,000,000	\$1,307,479	\$114,674	\$0	\$145,162	\$0	\$1,207,849
	Combined with						
New Generation Cooperative	Agricultural Product	\$2,563,644	\$3,287,882	\$6,000,000	\$4,190,256	\$6,000,000	\$4,136,380
Family Farm Breeding Livestock Loan Program	None	\$67,917	\$104,798	\$135,281	\$141,973	\$150,000	\$33,818
Qualified Beef Tax Credit Act	\$3,000,000	\$43,028	\$0	\$0	\$0	\$0	\$0
Wine and Grape	None	\$54,085	\$112,057	\$252,857	\$153,821	\$57,209	\$118,844
Business and Recruitment							
Business Facility	None	\$4,897,474	\$2,883,729	\$6,090,269	\$5,896,799	\$4,293,773	\$2,815,251
Enterprise Zone	None	\$5,627,795	\$1,481,256	\$10,366,073	\$6,914,412	\$15,194,162	\$14,326,413
BUILD	\$25,000,000	\$9,765,144	\$8,317,379	\$5,620,504	\$7,074,994	\$7,489,456	\$4,975,510
Development	\$6,000,000	\$2,713,000	\$1,589,618	\$1,228,570	\$966,216	\$1,266,706	\$696,889
Rebuilding Communities	\$8,000,000	\$1,419,759	\$1,553,894	\$2,002,376	\$1,548,622	\$1,670,629	\$1,967,262
Film Production	\$4,500,000	\$5,181,512	\$1,925,158	\$164,086	\$970,673	\$1,642,701	\$1,920,709
Enhanced Enterprise Zones	\$24,000,000	\$5,068,487	\$2,916,392	\$2,262,259	\$1,454,319	\$1,199,842	\$756,006
Quality Jobs	\$80,000,000	\$14,863,017	\$14,238,179	\$11,348,054	\$6,203,572	\$3,744,069	\$2,805,251
Railroad Rolling Stock	Appropriated			\$0	\$0	\$0	\$0
Community Development							
Neighborhood Assistance	\$16,000,000	\$10,284,768	\$10,065,992	\$11,447,049	\$13,202,082	\$13,322,190	\$11,039,982
Family Development Account	\$300,000	\$25,000	\$3,000	\$6,250	\$0	\$8,999	\$8,749
Dry Fire Hydrant	\$500,000	\$0	\$2,634	\$5,850	\$11,133	\$10,000	\$742
Transportation Development	Closed in 2006	\$0	\$9,176	\$0	\$1,066,386	\$0	\$2,223,821
Domestic and Social							
Youth Opportunities	\$6,000,000	\$4,406,277	\$4,405,158	\$4,821,723	\$4,723,545	\$5,669,063	\$4,137,223
Shelter for Victims of Domestic Violence	\$2,000,000	\$1,032,802	\$789,750	\$858,589	\$943,989	\$1,029,681	\$750,714
Senior Citizen or Disabled Person Property	None	\$118,594,589	\$118,594,589	\$118,573,853	\$118,573,853	\$100,164,994	\$100,164,994
Special Needs Adoption / Children in Crisis / CASA	\$2,000,000	\$2,315,044	\$2,315,044	\$2,625,706	\$2,625,706	\$3,401,671	\$3,401,671
Maternity Home	None	\$1,021,293	\$761,650	\$807,079	\$1,129,460	\$1,309,445	\$983,441
Surviving Spouse	None	\$22,636	\$22,636	\$9,583	\$9,583	\$0	\$0
Residential Treatment Agency	\$100,000	\$402,669	\$551,841	\$675,877	\$438,814	\$530,910	\$214,901
Pregnancy Resource Center	\$2,000,000	\$1,624,130	\$1,198,062	\$1,185,718	\$1,309,933	\$1,167,510	\$563,689
Food Pantry Tax Credit	\$2,000,000	\$793,734	\$793,734	\$459,810	\$459,810	\$243,711	\$243,711
Missouri Healthcare Access Fund	\$1,000,000	\$0	\$0	\$0	\$0	\$0	\$0
Disabled Access - Individuals	None	\$23,040	\$23,040	\$16,363	\$16,363	\$0	\$0
Shared Care	None	\$168,500	\$106,086	\$181,500	\$92,803	\$157,000	\$78,360
Homestead Preservation	Appropriated	\$2,478,624	\$2,478,624	\$87,920	\$87,920	\$1,031,018	\$1,031,018

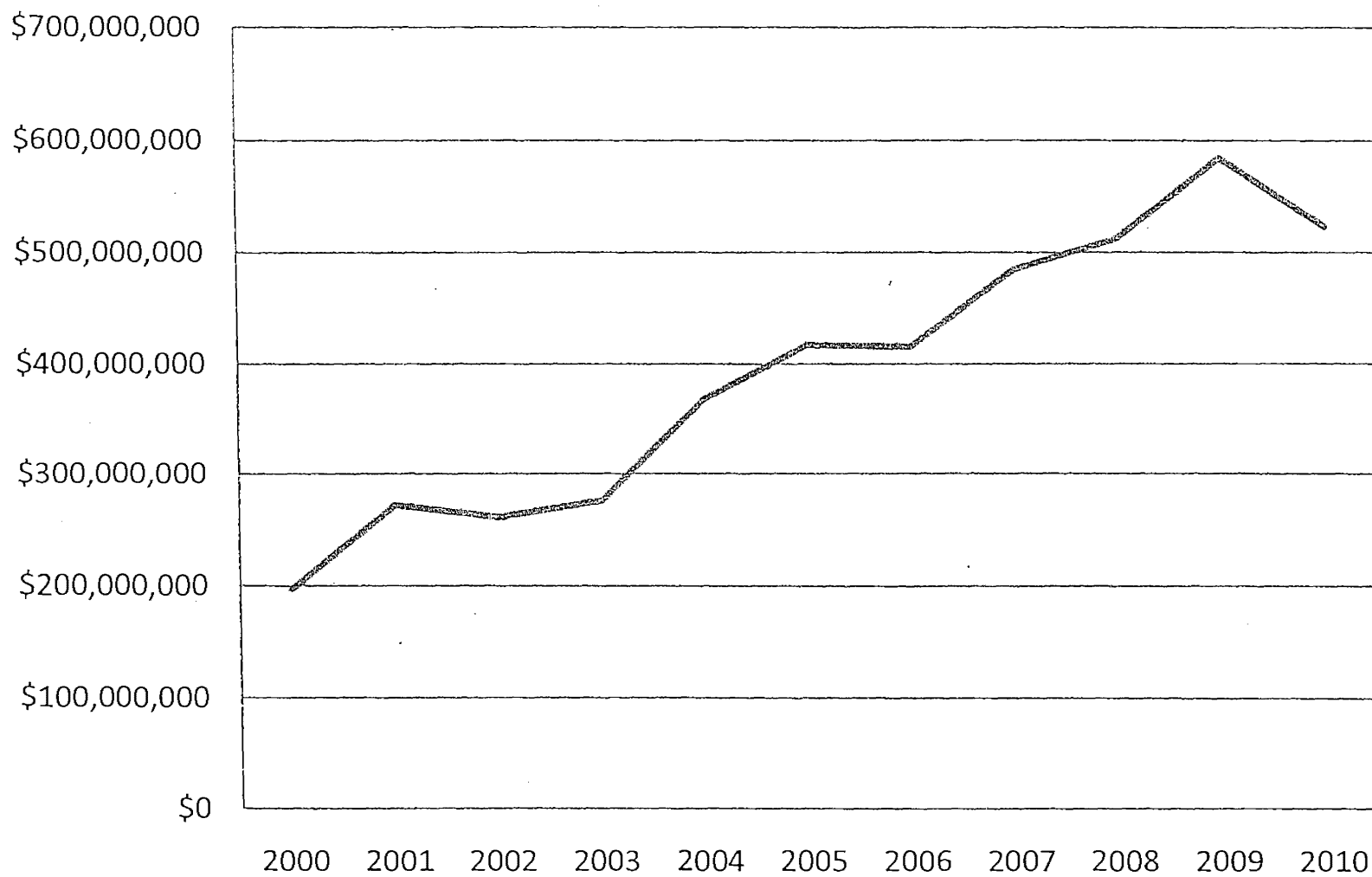
APPENDIX B

Tax Credits Issued by Year 2000-2010



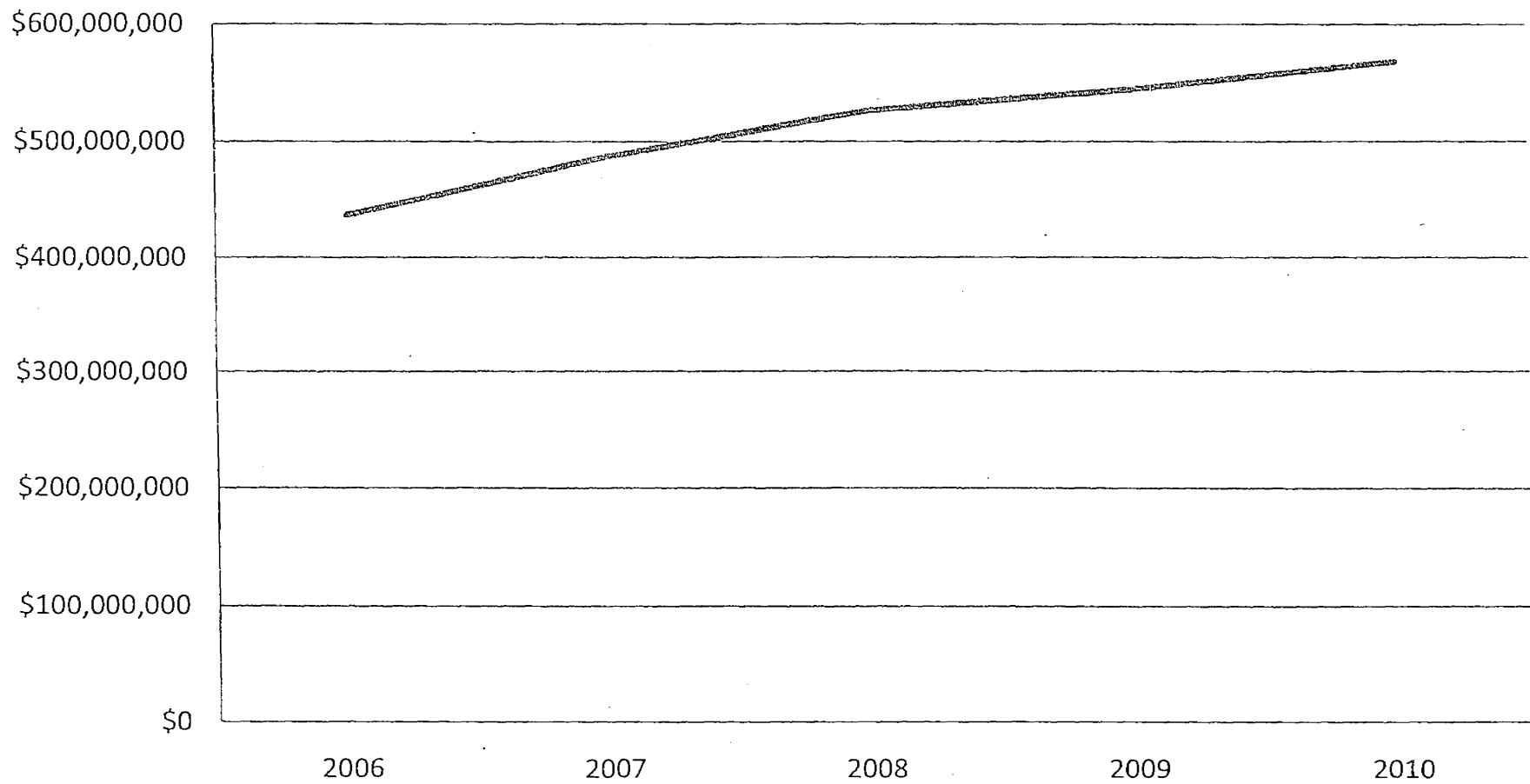
APPENDIX C

Tax Credits Redeemed by Year 2000-2010



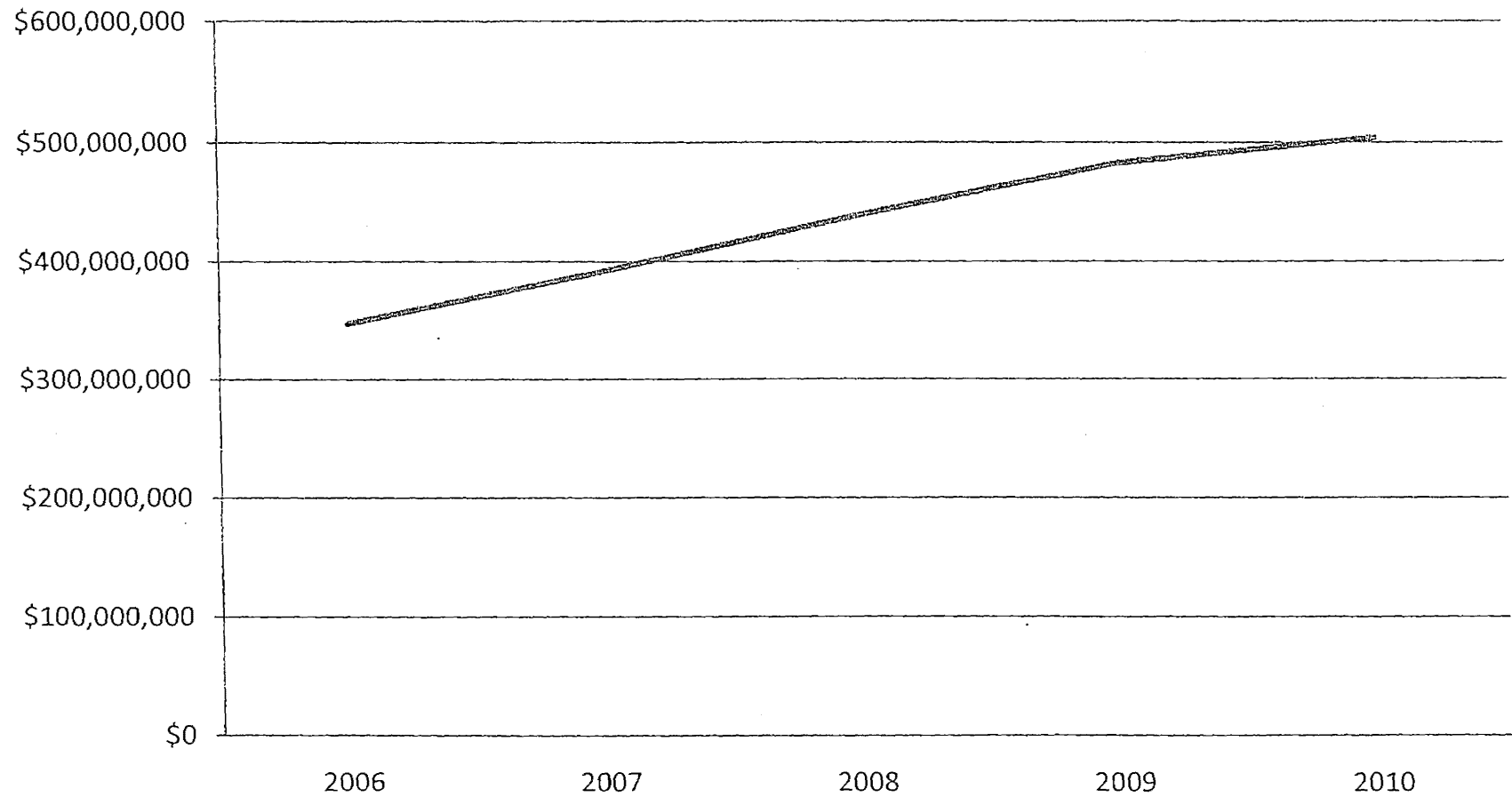
APPENDIX D

Five Year Rolling Average of Tax Credits Issued



APPENDIX E

Five Year Rolling Average of Tax Credits Redeemed



APPENDIX F

Tax Credit Redemptions as a Percent of Taxes

